

2024

FINANCIAL ACCOUNTING - I — MDC

Paper : MDC-1

Full Marks : 75

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

Answer **any three** questions.

1. (a) Write the appropriate accounting term of the following : 1×5
- (i) Exchange of goods and services between two persons in money or money's worth.
 - (ii) Assets having no physical identity.
 - (iii) Cash or goods withdrawn from business for personal use.
 - (iv) Obligations towards others.
 - (v) Excess of assets over outside liabilities.
- (b) S & Sons ascertained its profit based on cash basis of accounting and reported a profit of ₹ 92,000 for the year ended 31.03.2024. You are required to ascertain profit under accrual basis for the year ended 31.03.2024 and for the purpose, following information is made available to you : 5
- Depreciation during the year ₹ 12,000
 - Pre-paid expenses : ₹ 8,000 on 01.04.2023 and ₹ 5,000 on 31.03.2024
 - Accrued interest income : ₹ 3,000 on 01.04.2023 and ₹ 4,500 on 31.03.2024.
2. The Trial Balance of M/s. Surya Traders does not agree on December 31, 2023. The Debit exceeds credit by ₹ 12,800. The following errors were detected :
- (a) ₹ 5,400 received from Manu debited to his account.
 - (b) Purchases Day Book was overcast by ₹ 2,000.
 - (c) ₹ 2,740 paid for repairs to motor car was debited to Motor Car Account.
 - (d) ₹ 4,000 paid to Biren was debited to Biresh Account.

Give Journal Entries (narration not required) to rectify the above error and prepare the Suspense Account, assuming that the Suspense Account is balanced after the above corrections. (2×4)+2

Please Turn Over

(1360)

3. (a) Write three reasons for providing depreciation in the books of accounts.
- (b) On 01.04.2023, balance of Machinery Account of D. Bros. was ₹ 4,50,000. It charges depreciation @20% p.a. on WDV.
- On 01.10.2023, it sold a machine for ₹ 90,000. The machine was bought on 01.04.2021 at ₹ 1,60,000.
- On 31.12.2023, it purchased a new machine at ₹ 1,80,000 and incurred an expense of ₹ 20,000 on its installation on the same day. The scrap value of the machine is estimated at ₹ 40,000.

Prepare Machinery Account for the year 2023-24.

3+7

4. The following information appeared in the Trial Balance of M/s. Anju Traders of Kolkata as on 31.12.2023. Prepare Provision for Doubtful Debts A/c and Provision for Discount on Debtors A/c in the books M/s. Anju Traders.

4+4+2

Debtors as on 31.12.2023	₹ 8,00,000	Provision for Doubtful Debts (01.01.23)	₹ 8,000
Bad Debts for the year 2023	₹ 16,000	Provision for Discount on Debtors (01.01.23)	₹ 4,000
Discount allowed for the year 2023	₹ 3,200		

Additional Information :

- (a) Further Bad Debt ₹ 3,200;
- (b) Cheque dishonoured ₹ 4,000;
- (c) Mr. Abhinab included in the list of debtors ₹ 16,000 also included in creditors for ₹ 12,800. Create Provision for Doubtful Debts @ 7.5% and Provision for Discount on Debtors @ 5%.
- The Working should form part of your answer.
5. (a) Write short notes on (*any two*) :
- (i) Entity Concept
- (ii) Accounting Cycle
- (iii) Asset.
- (b) P Ltd. deals in four different types of products. The following details are available while finalizing the accounts as on 31.03.2024. You are required to determine the value of stock to be shown in the Balance Sheet as on 31.03.2024.

2½×2

5

Products	Kay	Ell	Emm	Enn	Total
Cost (₹)	13,000	9,000	23,000	12,000	57,000
Market value (₹)	14,500	7,500	23,000	13,000	58,000

Group - B

Question no. 9 is compulsory and answer *any two* from the rest.

6. Following is the Receipts and Payments Account of GK Sports Club for the year ended 31.03.2024 :

Receipts	₹	Payments	₹
To Balance as on 01.04.2023	1,930	By Prize and Competition expenses	3,780
" Subscriptions	9,680	" Printing and Stationery	830
" Competition Fees	2,700	" Rent	3,000
" Entrance Fees (40% to be capitalized)	1,360	" Salaries of staff	4,200
" Interest on Investments	650	" Purchase of furniture	1,600
" Sundry Receipts	120	" Purchase of Investment	2,000
		" Balance on 31.03.2024	1,030
	16,440		16,440

Additional information :

- On 01.04.2023, the club had Investments of ₹ 6,000; Furniture of ₹ 4,400; Accrued subscriptions ₹ 530 and outstanding printing charges ₹ 130.
- On 31.03.2024, the club had accrued subscriptions ₹ 660; pre-received subscriptions ₹ 260 and outstanding rent ₹ 600.
- Charge depreciation @10% on the closing balance of the furniture.

Prepare, for G K Sports Club, the Income and Expenditure Account for the year ended 31.03.2024 and the Balance Sheet as on that date.

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- Write three points of difference between Self Balancing Ledger and Sectional Balancing System.
 - Sen & Sons follows the system of Self Balancing Ledger. From the following particulars, prepare Debtors Ledger Adjustment Account and Creditors Ledger Adjustment Account in the General Ledger.

Balances as on 01.04.2023	Dr. (₹)	Cr. (₹)
Creditors	10,000	96,000
Debtors	1,41,000	2,000

Please Turn Over

(1360)

Transactions during the year 2023-24 (in ₹) :

Purchases	4,40,000	Cash paid to suppliers	3,80,000
Purchase Return	20,000	Provision for doubtful debts	9,000
Sales (including cash sales ₹ 40,000)	7,60,000	Discount received	7,000
Sales Return from credit sales	10,000	Bills Receivable drawn	40,000
Cash received from customers	5,20,000	Bills Payable accepted	22,000
Transfer from one ledger to other	2,000	Bills Receivable dishonoured	6,000
Discount received	3,000	Discount allowed	11,000

Balance of Debtors (Dr.) and Creditors (Cr.) on 31.03.2024 were ₹ 3,000 and ₹ 4,000 respectively.

5+10

8. Mr. S. Srikant keeps his books on single entry basis. The analysis of the cash book for the year ended on 31st March, 2023 is given below :

Receipts	Amount (₹)	Payments	Amount (₹)
Bank Balance as on 1st April, 2022	2,800	Payments to Sundry creditors	35,000
Received from Sundry Debtors	48,000	Salaries	6,500
Cash Sales	11,000	General expenses	2,500
Capital brought during the year	6,000	Rent and Taxes	1,500
Interest on Investments	200	Drawings	3,600
		Cash purchases	12,000
		Balance at Bank on 31.03.2023	6,400
		Cash in hand on 31st March, 2023	500
	68,000		68,000

Particulars of assets and liabilities are as follows :

Particulars	01.04.2022 (₹)	31.03.2023 (₹)
Sundry debtors	14,500	17,600
Sundry creditors	5,800	7,900
Machinery	7,500	7,500
Furniture	1,200	1,200
Inventory	3,900	5,700
Investments	5,000	5,000

Prepare Trading and Profit & Loss Accounts for the year ending 31st March, 2023 and a Balance Sheet as on that date in the books of Mr. S. Srikant after providing depreciation at 10 per cent on machinery and furniture and ₹ 800 against doubtful debts.

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9. Following is the Trial Balance of M/s Atul Traders as on 31.03.2023. You are required to prepare a Trading and Profit & Loss Account for the year ended 31.03.2023 and a Balance Sheet as on that date.

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Particulars	Amount (₹)	Particulars	Amount (₹)
Plant & Machinery	2,40,000	Capital	4,80,000
Furniture	80,000	Creditors	1,00,000
Stock on 01.04.2022	60,000	Sales	7,20,000
Debtors	1,60,000	Bank Overdraft	80,000
Drawings	40,000	Purchase Return	12,000
Purchases	4,80,000	Provision for Doubtful Debts	8,000
Wages	60,000		
Trade Expenses	40,000		
Rent	48,000		
Salaries	68,000		
Bad Debts	4,000		
Sales Return	20,000		
Cash in hand	28,000		
Cash at Bank	72,000		
	14,00,000		14,00,000

Additional information :

- Stock on 31.03.2023 : Cost ₹ 72,000; Net Realisable Value ₹ 80,000
- A credit sale of ₹ 20,000 has not been recorded.
- Wages paid for installation of machinery included in wages account ₹ 10,000.
- Provide depreciation on machinery and furniture @ 10% p.a.
- Provision for doubtful debts to be maintained @ 5% on Debtors.
- Debtors include ₹ 20,000 due from Ratul who is also included in creditors for ₹ 10,000 due to him.

